PARAMOUNT MOTORS CORPORATION

(A DELAWARE CORPORATION)

AND SUBSIDIARIES

CONDENSED CONSOLIDATED INCOME ACCOUNT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1970

Rent Income, etc.	$4,076,823.53
Expenses and deductions	2,270,093.35
Profit on real estate operations	$1,806,730.18
Other income	
Interest and dividends received, etc.	395,911.66
Net operating profit	$2,202,641.84
Less: Provision for depreciation and write-off of mortgage costs	494,474.79
Balance	$1,708,167.05
Less: Provision for Federal and State income taxes	813,435.08
Net Income	$ 894,731.97

RECONCILIATION OF CONSOLIDATED RETAINED EARNINGS

Balance — October 1, 1969	$8,440,505.30
Add: Net Income for the fiscal year ended September 30, 1970	894,731.97
Total	$9,335,237.27
Less: Cash dividends paid — 148,388 shares — $2.85 per share	422,905.80
Retained Earnings — September 30, 1970	$8,912,331.47

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ANNUAL REPORT

TO THE STOCKHOLDERS

OF

PARAMOUNT MOTORS CORPORATION

SEPTEMBER 30th, 1970

PARAMOUNT MOTORS CORPORATION

(A DELAWARE CORPORATION)

AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 1970

ASSETS

Current			
Cash in banks and on hand		$ 828,685.21	
Investments—at cost			
U. S. Government and Other Marketable securities (Market value $6,472,449.00)		6,383,685.78	(2)
Accrued interest receivable		100,088.68	
Sundry receivables		101,028.96	
Total Current Assets			$ 7,413,488.63
Real Estate			
Costs		16,463,234.04	(1)
Less: Accumulated depreciation		9,111,338.97	
Costs—Less Depreciation			7,351,895.07
Pre-construction costs			455,341.26 (3)
Other			
Cash surrender value of life insurance		56,031.00	
Furniture and fixtures (less depreciation)		35,810.89	
Deferred charges to operations			
Mortgage costs	$ 58,668.05		
Other	150,332.40	209,000.45	
Total Other Assets			300,842.34
Total			$15,521,567.30

Note 1 — Mortgages are due by two wholly-owned subsidiaries and secured by liens on their realty.

Note 2 — Approximately $60,000.00 in securities are held in escrow by one of the lending institutions as security for payment of current realty taxes.

LIABILITIES AND CAPITAL

Liabilities		
Current		
Accounts payable and accruals	$ 345,912.87	
Federal and state income taxes	491,342.23	
Deposits and rents received in advance	178,934.46	
Mortgages payable—Due within one year	151,613.00	(1)
Total Current Liabilities		$ 1,167,802.56
Other		
Mortgages payable—Due after one year		4,877,993.50 (1)
Total Liabilities		$ 6,045,796.06
Capital		
Capital stock		
(Authorized 300,000 shares common $1.00 par)		
(Issued 259,110 shares common $1.00 par)	259,110.00	
Paid in surplus	1,342,731.87	
Retained earnings	8,912,331.47	
Total	$10,514,173.34	
Less: Treasury stock (at cost 110,722 shares common)	1,038,402.10	
Total Capital (148,388 shares common—Net outstanding)		9,475,771.24
Total		$15,521,567.30

Note 3 — Pre-construction costs represents charges to date for architects fees, demolition costs, etc., for proposed new construction of a Hi-rise residential building and a Hi-rise office building.

To the Board of Directors and Stockholders of Paramount Motors Corporation:

We have examined the consolidated balance sheet of Paramount Motors Corporation and its consolidated subsidiaries as of September 30, 1970 and the related statements of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and retained earnings present fairly the financial position of Paramount Motors Corporation and its subsidiaries at September 30, 1970 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) JACOBS & FURMAN

(Certified Public Accountants)

December 8, 1970